

Message Text

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PAGE 01 JAKART 14940 041251Z
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 /021 W
-----044661 051217Z /11
R 040755Z NOV 77
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 4808

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E.O. 11652: NA
TAGS: EFIN, EINV, ID
SUBJECT: INSURANCE: VISIT OF R.K. SHELPI, VICE PRESIDENT, AMERICAN
INTERNATIONAL GROUP (AIG)

REF: STATE 257755

1. DESPITE STRONG EFFORTS, EMBASSY WAS UNSUCCESSFUL IN
ARRANGING APPOINTMENT FOR SHELPI WITH DR. JULIANTO,
DIRECTOR GENERAL FOR MONETARY AFFAIRS, MINISTRY OF
FINANCE. JULIANTO INSISTED THAT SHELPI INSTEAD SEE MOH.
HASYIM, DIRECTOR OF FINANCIAL INSTITUTIONS, WHO ALSO
SERVES AS COMMISSIONER OF INSURANCE, BUT SHELPI DECLINED
TO DO SO SINCE HE HAD PREVIOUSLY DISCUSSED AIG PROPOSAL
WITH HASYIM AND GOTTEN NEGATIVE RESPONSE WHEN THE TWO
WERE IN MANILA RECENTLY.

2. SHELPI DEPARTED INDONESIA NOVEMBER 2 AND MAY CONTACT
DEPARTMENT AFTER HIS RETURN. HE CLEARLY DISAPPOINTED BY
INABILITY TO SEE JULIANTO BUT EXPRESSED NO DISSATISFACTION
WITH EMBASSY EFFORTS TO SET UP APPOINTMENT.

3. UPON LEAVING, SHELPI SAID AIG WOULD NOW HAVE TO
DECIDE NEXT STEP IN VIEW OF CLEAR EVIDENCE OF
INDONESIAN DISINTEREST IN AIG'S PROPOSAL FOR EQUITY
PARTICIPATION IN LIFE INSURANCE VENTURE IN INDONESIA.

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HE SUGGESTED AIG, NOTWITHSTANDING GOI DISINTEREST,
WOULD PROBABLY PROCEED WITH APPLICATION FOR JOINT
VENTURE LIFE LICENSE IN ORDER TO FORCE ISSUE. HE
SAID AIG WOULD ALSO CONSIDER TERMINATING MANAGEMENT
CONTRACT ITS SUBSIDIARY, AMERICAN INTERNATIONAL
ASSURANCE CO. LTD. (AIA), HAS WITH INDONESIAN LIFE
INSURANCE COMPANY, ASURANSI JIWA IKBAR ABADI, AND WITH-

DRAWING ITS AMERICAN MANAGER, KLINGLER. AIA'S CONTRACT IS BELIEVED TO EXPIRE IN DECEMBER 1977. (AIA ALSO HAS 60 PERCENT INTEREST IN INDONESIAN NON-LIFE COMPANY. SHELP DID NOT INDICATE WHAT, IF ANY, CHANGES MAY BE IN STORE FOR ITS NON-LIFE COMPANY WHICH ALSO EMPLOYS KLINGLER.)

4. SHELP CLAIMS IN 1975 GOI ENCOURAGED AIG TO BELIEVE THAT FUTURE EQUITY PARTICIPATION IN LIFE FIELD WOULD BE POSSIBLE IF AIG ASSISTED ESTABLISHMENT OF INDONESIAN LIFE COMPANY BY MEANS OF MANAGEMENT CONTRACT. ON THIS BASIS, SHELP SAYS AIG PUT MORE RESOURCES INTO LIFE COMPANY THAN WOULD HAVE BEEN JUSTIFIED ON BASIS OF MANAGEMENT CONTRACT ALONE.

5. SHELP DID NOT ATTEMPT TO DOCUMENT ABOVE CLAIMS AND EMBASSY FILES DO NOT CONTAIN ANYTHING TO VERIFY THEM. IN 1974 GOI CLOSED LIFE INSURANCE FILED TO FOREIGN COMPANIES WHETHER OPERATING DIRECTLY THROUGH BRANCH OFFICES OR THROUGH JOINT VENTURES. REFUSAL OF JULIANTO TO MEET WITH SHELP IS CLEAR INDICATION THAT GOI NOT WILLING, AT LEAST AT THIS TIME, TO CONSIDER ANY CHANGES IN OR EXCEPTIONS TO ITS 1974 POLICY STATEMENT. IN THE ABSENCE OF CONVINCING EVIDENCE THAT GOI GAVE AIG ASSURANCES OR EVEN REASON TO BELIEVE IT WOULD BE ALLOWED EQUITY PARTICIPATION, WE SEE LITTLE LIMITED OFFICIAL USE

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MORE WE CAN DO FOR AIG. WE WILL HOWEVER, RAISE MATTER WITH JULIANTO WHEN OCCASION PRESENTS ITSELF.
RIVES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, VICE PRESIDENT, VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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ISecure: 1
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Secure: OPEN
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